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TAIWAN TO BECOME WORLD'S LARGEST MARKET FOR CHIP EQUIPMENT IN 2007: US-TAIWAN BUSINESS COUNCIL

According to a report by the US-Taiwan Business Council, Taiwan is projected to account for the largest percentage of global chip equipment spending in 2007. The report, "Semiconductor Report – Annual Review 2006," contends that 2006 was an exceptionally strong growth year for Taiwan's leading foundry and DRAM chipmakers, and that with expanded production capabilities in 12-inch wafer fabs and the establishment of new partnerships, Taiwan has set itself up for a record year in 2007 – when the Council also expects Taiwan to become the world's largest producer of DRAM.

DRAM makers Powerchip Semiconductor Corp. (PSC), ProMos Technologies, Nanya Technology, and Inotera Memories achieved remarkable revenue growth rates of 78.50%, 103.50%, 50.90%, and 77.10% respectively over the past year through expanded production and investments in 12-inch wafer production. The Council estimates that Taiwan DRAM makers will purchase US\$6.9 billion in chip equipment in 2007. The addition of 12-inch fab spending plans by foundry chipmakers Taiwan Semiconductor Manufacturing Co. (TSMC) and United Microelectronics Corp. (UMC) could lead Taiwan to total US\$11.25 billion in chip equipment expenditures in 2007, compared to an estimated US\$6.96 billion in 2006.

According to industry researcher Strategic Marketing Associates, the global chip industry will spend US\$60 billion on new chip equipment in 2007, and start production in around 29 new chip fabs, and as many as 9 more DRAM fabs. In light of company spending projections, Taiwan would account for at least 18.8% percent of global chip equipment purchases in 2007, surpassing all other countries – including 2006 leader Japan, and China, which is expected to only spend US\$2.42 billion in 2007, according to industry group SEMI's year-end forecast.

The announcement in January of a US\$13.9 billion joint venture between Powerchip and Elpida Memory of Japan for the construction of four 12-inch DRAM fabs over the next five years in Taiwan further cements Taiwan's lead in 2007 chip equipment spending, and will help ensure that Taiwan maintains the largest concentration of 12-inch DRAM fabrication facilities in the world.

According to the Council's report, "By choosing Taiwan as the location of the most significant investment it has made outside of Japan, Elpida showed that Taiwan remains a potent player in the global chip business years after the world started looking to China as a possible successor. In fact, the success of Taiwan attracting Elpida's investment means billions of dollars of future investment in the island, and will ensure that it continues to be a chip powerhouse for years to come."

The Council expects that Powerchip's President, Dr. Brian Shieh, will provide valuable insights on the future of the DRAM industry in Taiwan and globally, as well as on chip investment in China, when he speaks at **Taiwan + China Semiconductor Outlook 2007** (www.taiwan-china-outlook.com) on **February 7, 2007** in Santa Clara, California. Outlook 2007 will also feature Bob Christopher, CEO & Chairman of Ugohe Inc., George Koo, Director of Deloitte's Chinese Services Group, Beth McCormick, Deputy Under Secretary of Defense for Technology Security Policy, and Dr. Tien Wu, COO of ASE Group.

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For further information on the US-Taiwan Business Council and Taiwan + China Semiconductor Outlook 2007, visit www.taiwan-china-outlook.com.

About the US-Taiwan Business Council:

The US-Taiwan Business Council (www.us-taiwan.org) is a membership-based non-profit association founded in 1976. The Council provides its members with business intelligence, access to a network of companies involved in business between Taiwan and the United States, and serves as a vital representative in dealing with investment, business development, and intellectual property matters.

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